

GILAT SATELLITE NETWORKS LTD.
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
U.S. dollars in thousands (except share and per share data)

	Three months ended	
	March 31,	
	2022	2021
	Unaudited	
Revenues	\$ 51,409	\$ 43,371
Cost of revenues	35,021	30,891
Gross profit	16,388	12,480
Research and development expenses, net	7,668	7,927
Selling and marketing expenses	5,350	5,004
General and administrative expenses	4,184	3,083
Impairment of held for sale asset	210	-
Total operating expenses	17,412	16,014
Operating loss	(1,024)	(3,534)
Financial expenses, net	(1,195)	(1,192)
Loss before taxes on income	(2,219)	(4,726)
Taxes on income	315	247
Net loss	\$ (2,534)	\$ (4,973)
Basic and Diluted loss per share	\$ (0.04)	\$ (0.09)
Weighted average number of shares used in computing loss per share		
Basic	56,551,070	56,031,343
Diluted	56,551,070	56,031,343

GILAT SATELLITE NETWORKS LTD.
RECONCILIATION BETWEEN GAAP AND NON-GAAP CONSOLIDATED STATEMENTS OF INCOME (LOSS)
FOR COMPARATIVE PURPOSES
U.S. dollars in thousands (except share and per share data)

	Three months ended March 31, 2022			Three months ended March 31, 2021		
	GAAP	Adjustments (1) Unaudited	Non-GAAP	GAAP	Adjustments (1) Unaudited	Non-GAAP
Gross profit	\$ 16,388	75	\$ 16,463	\$ 12,480	66	\$ 12,546
Operating expenses	17,412	(683)	16,729	16,014	169	16,183
Operating loss	(1,024)	758	(266)	(3,534)	(103)	(3,637)
Loss before taxes on income	(2,219)	758	(1,461)	(4,726)	(103)	(4,829)
Net loss	\$ (2,534)	758	\$ (1,776)	\$ (4,973)	(103)	\$ (5,076)
Basic loss per share	\$ (0.04)	\$ 0.01	\$ (0.03)	\$ (0.09)	\$ -	\$ (0.09)
Diluted loss per share	\$ (0.04)	\$ 0.01	\$ (0.03)	\$ (0.09)	\$ -	\$ (0.09)
Weighted average number of shares used in computing loss per share						
Basic	56,551,070		56,551,070	56,031,343		56,031,343
Diluted	56,551,070		56,551,070	56,031,343		56,031,343

(1) Adjustments reflect the effect of non-cash stock-based compensation as per ASC 718, amortization of intangible assets related to shares acquisition transactions and impairment of held for sale asset.

	Three months ended March 31, 2022	Three months ended March 31, 2021
	Unaudited	Unaudited
GAAP net loss	\$ (2,534)	\$ (4,973)
Gross profit		
Non-cash stock-based compensation expenses	70	61
Amortization of intangible assets related to acquisition transactions	5	5
	75	66
Operating expenses		
Non-cash stock-based compensation expenses	422	(220)
Amortization of intangible assets related to acquisition transactions	51	51
Impairment of held for sale asset	210	-
	683	(169)
Non-GAAP net loss	\$ (1,776)	\$ (5,076)

GILAT SATELLITE NETWORKS LTD.
SUPPLEMENTAL INFORMATION
U.S. dollars in thousands

ADJUSTED EBITDA:

	Three months ended	
	March 31,	
	2022	2021
	Unaudited	
GAAP operating profit	\$ (1,024)	\$ (3,534)
Add:		
Non-cash stock-based compensation expenses	492	(159)
Impairment of held for sale asset	210	-
Depreciation and amortization (*)	2,851	2,385
Adjusted EBITDA	\$ 2,529	\$ (1,308)

(*) Including amortization of lease incentive

SEGMENT REVENUE:

	Three months ended	
	March 31,	
	2022	2021
	Unaudited	
Satellite Networks	\$ 24,770	\$ 25,623
Integrated Solutions	13,706	6,709
Network Infrastructure and Services	12,933	11,039
Total revenues	\$ 51,409	\$ 43,371

GILAT SATELLITE NETWORKS LTD.
CONSOLIDATED BALANCE SHEETS
U.S. dollars in thousands

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
	<u>Unaudited</u>	<u>Audited</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 73,611	\$ 81,859
Short-term deposits	2,159	2,159
Restricted cash	1,516	2,592
Trade receivables, net	45,909	39,161
Contract assets	28,587	26,008
Inventories	30,642	28,432
Other current assets	18,959	14,607
Held for sale asset	4,377	4,587
Total current assets	<u>205,760</u>	<u>199,405</u>
LONG-TERM ASSETS:		
Restricted cash	13	12
Long- term contract assets	11,989	12,539
Severance pay funds	6,485	6,795
Deferred taxes	17,245	17,551
Operating lease right-of-use assets	3,652	4,478
Other long term receivables	11,076	10,456
Total long-term assets	<u>50,460</u>	<u>51,831</u>
PROPERTY AND EQUIPMENT, NET	<u>71,975</u>	<u>72,391</u>
INTANGIBLE ASSETS, NET	<u>530</u>	<u>640</u>
GOODWILL	<u>43,468</u>	<u>43,468</u>
<u>TOTAL ASSETS</u>	<u>\$ 372,193</u>	<u>\$ 367,735</u>

GILAT SATELLITE NETWORKS LTD.
CONSOLIDATED BALANCE SHEETS (Cont.)
U.S. dollars in thousands

	<u>March 31,</u> <u>2022</u> <u>Unaudited</u>	<u>December 31,</u> <u>2021</u> <u>Audited</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 21,482	\$ 19,776
Accrued expenses	49,799	49,202
Advances from customers and deferred revenues	27,265	24,373
Operating lease liabilities	1,728	1,818
Other current liabilities	15,201	13,339
Total current liabilities	<u>115,475</u>	<u>108,508</u>
LONG-TERM LIABILITIES:		
Accrued severance pay	6,919	7,292
Long-term advances from customers	730	1,209
Operating lease liabilities	1,981	2,283
Other long-term liabilities	141	120
Total long-term liabilities	<u>9,771</u>	<u>10,904</u>
SHAREHOLDERS' EQUITY:		
Share capital - ordinary shares of NIS 0.2 par value	2,709	2,706
Additional paid-in capital	930,361	929,871
Accumulated other comprehensive loss	(5,692)	(6,357)
Accumulated deficit	(680,431)	(677,897)
Total shareholders' equity	<u>246,947</u>	<u>248,323</u>
<u>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>\$ 372,193</u>	<u>\$ 367,735</u>

GILAT SATELLITE NETWORKS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
U.S. dollars in thousands

	Three months ended	
	March 31,	
	2022	2021
	Unaudited	
<u>Cash flows from operating activities:</u>		
Net loss	\$ (2,534)	\$ (4,973)
Adjustments required to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	2,796	2,330
Stock-based compensation of options	492	(159)
Accrued severance pay, net	(63)	(10)
Deferred taxes, net	306	518
Increase in trade receivables, net	(6,412)	(1,933)
Increase in contract assets	(2,009)	(3,179)
Increase in other assets (including short-term, long-term and deferred charges)	(3,716)	(220)
Increase in inventories	(2,344)	(2,212)
Increase in trade payables	1,672	950
Increase (decrease) in accrued expenses	752	(498)
Increase in advance from customers and deferred revenue	2,310	7,724
Increase in current and non current liabilities	1,375	2,003
Net cash provided by (used in) operating activities	(7,375)	341
<u>Cash flows from investing activities:</u>		
Purchase of property and equipment	(2,201)	(1,483)
Net cash used in investing activities	(2,201)	(1,483)
<u>Cash flows from financing activities:</u>		
Dividend payment	-	(35,003)
Repayment of long-term loans	-	(4,000)
Net cash used in financing activities	-	(39,003)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	253	(254)
Decrease in cash, cash equivalents and restricted cash	(9,323)	(40,399)
Cash, cash equivalents and restricted cash at the beginning of the period	84,463	115,958
Cash, cash equivalents and restricted cash at the end of the period	\$ 75,140	\$ 75,559